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BEFORE THE ARIZONA CORPORATION COMMISSION

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2011 JUN 16 P 4:12

AZ CORP COMMISSION
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Arizona Corporation Commission

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JUN 16 2011

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IN THE MATTER OF THE COMMISSION'S
INQUIRY AND POTENTIAL RULEMAKING
REGARDING LINE EXTENSION POLICIES
OF ELECTRIC UTILITIES, INCLUDING BUT
NOT LIMITED TO, ALTERNATIVE RATE
DESIGNS RELATED TO APPORTIONMENT
AND RATE RECOVERY OF COSTS OF
CONSTRUCTION AND INSTALLATION OF
ELECTRIC UTILITY LINE EXTENSIONS,
THE USE OF FREE FOOTAGE AND/OR
DOLLAR ALLOWANCES IN LINE
EXTENSION TARIFFS, THE TREATMENT
OF PROCEEDS ASSOCIATED WITH LINE
EXTENSIONS AS CONTRIBUTIONS IN AID
OF CONSTRUCTION (CIAC) AND/OR
REVENUE, AND THE ABILITY FOR THIRD-
PARTY VENDORS TO CONTRACT TO
INSTALL LINE EXTENSIONS FOR
ELECTRIC UTILITIES.

Docket No. E-00000J-10-0044

COMMENTS OF

THE RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO")

Chairman Pierce, in his letter dated June 3, 2011, has asked interested stakeholders in Tucson Electric Power's ("TEP") last rate case to comment on the potential reinstatement of TEP's Historic Line Extension Tariff. The Commission's Staff ("Staff") has proposed for the Commission's consideration draft language for a revised LXA tariff which, among other things,

1 would provide for the utility, at its own expense, to furnish and install a single span of service
2 drop line (up to a total of 500 feet) from its pole to the Customer's point of attachment.

3 RUCO was a participant in the Company's last rate case (Docket No. E-01933A-07-
4 0402, Decision No. 70628 – December 2009). In that case, the Commission adopted a
5 Settlement Agreement which was signed by the majority of the participants in that case.
6 RUCO, however, was not a signatory to that Agreement.

7
8 RUCO responds to Commissioner Pierce's inquiries as follows.

- 9 **1. RUCO would not oppose the reopening of Decision No.**
10 **70628 for the narrow purpose of considering the**
11 **reinstatement of TEP's former line extension policy.**

12 RUCO intends to remain consistent on this issue as the Commission considers it for this
13 utility as well as others. In the recent UNS Electric rate case, RUCO did not oppose an
14 amendment to the Decision in that case to modify UNS' line extension policy. Additionally,
15 RUCO has signed a Proposed Settlement Agreement which would modify APS's Schedule 3
16 and provide for a 750-foot allowance for individual residential applicants up to a \$10,000
17 maximum. (Docket No. E-01345A-11-0207)

18 RUCO believes that it is best to consider line extension modification in the Company's
19 next rate case. Modifying the decision at this time will require the Company to cover the costs
20 of the expense until the next rate case. If the Commission finds it in the public interest to
21 modify the LXA now, TEP must demonstrate that it has adequate cash flow to cover these
22 expenses until the next rate case. At this time, RUCO does not know whether TEP has
23 adequate cash to cover the expenses.
24

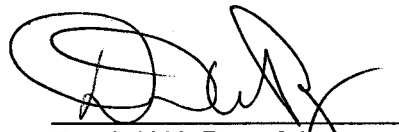
1 2. **RUCO does not have a recommended line extension**
2 **modification proposal and believes an evidentiary hearing**
 would be appropriate.

3 RUCO's has an interest in identifying how Staff's proposed change will increase base
4 rates in the next rate case. RUCO has not been able to verify the impact. The limited bill
5 impact of the proposed changes to APS's line extension policy was a major consideration in
6 RUCO's participation as a signatory in the APS Proposed Settlement.

7 For this reason, RUCO believes that an evidentiary hearing would serve a purpose and
8 provide the Commission with a better record which will result in a more informed decision.
9 RUCO believes that such a hearing can be streamlined with one round of testimony and no
10 briefs, or one round of briefs.

11 A hearing would also be helpful based on the previous deliberations that the
12 Commission has had on this issue. In particular, there was no hearing prior to the Open
13 Meeting in the UNS Electric case, and it was clear that some Commissioners came to the
14 Open Meeting with questions that were unresolved. A hearing would provide not only the
15 parties but also the Commissioners an opportunity to address their questions and concerns,
16 which should have the added benefit of shortening the time spent in Open Meeting on this
17 matter.

18 RESPECTFULLY SUBMITTED this 16th day of June, 2011.

19
20 
21 Daniel W. Pozefsky
 Chief Counsel

22 AN ORIGINAL AND THIRTEEN COPIES
23 of the foregoing filed this 16th day
24 of June, 2011 with:

 Docket Control
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1 COPIES of the foregoing hand delivered/
2 mailed the 17th day of June, 2011 to:

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